



CITY OF DURHAM | NORTH CAROLINA

MEMORANDUM

Date: March 22, 2011

TO: Thomas J. Bonfield, City Manager

THROUGH: Keith Chadwell, Deputy City Manager

FROM: Kevin Dick, Director – Director, Office of Economic and Workforce Development
Christopher Dickey, Senior Manager - Economic Development
Peter Coyle, Cultural and Business Initiatives Coordinator

SUBJECT: Public Hearing per G.S. 158-7.1 to Receive Comments on Economic Development Grant Incentive and approval of a Building Improvement Grant for the Community Reinvestment Association of North Carolina.

Executive Summary

This item recommends the approval of a Building Improvement Grant (BIG) for the Community Reinvestment Association of North Carolina.

Recommendation

The Office of Economic and Workforce Development (OEWD) recommends that a Public Hearing on Economic Development Incentives be held per G.S. 158-7.1 and that Council authorize the City Manager to execute a contract with the Community Reinvestment Association of North Carolina in the amount of \$75,000.00 for a building renovation project at 1201 N. Roxboro Street, Durham, NC 27701.

Background

On May 17, 2010, the City Council approved an economic incentive policy, which included among its grant programs, the Building Improvement Grant (BIG) program designed to encourage and provide financial assistance for building improvements to small businesses located Downtown and in Community Development Areas. Grants are to be used to upgrade and revitalize commercial buildings and, in doing so, to enhance these areas of the community, attract additional investment and assist in overall economic

improvement in the City. BIGs are designed for building owners and can have a maximum amount of \$75,000.00.

On January 18, 2011, OEWD announced the availability of Building Improvement Grants with an application deadline of February 18.

A committee reviewed each of seven BIG proposals provided to them. One of the applicants later withdrew his application because of a late change to his proposed project, which reduced the project budget to a level below eligibility for a BIG. The committee included representatives of the Office of Equal Opportunity and Equity Assurance, the Office of the City Manager and the Office of Housing and Community Development. After analyzing all responsive grant applications, the committee recommended the following allocations be distributed among the following proposals. The list shows total project costs as well as those costs which are eligible for reimbursement under the grant.

300 E. Main Street, LLC	\$375,000.00	\$75,000.00
ClearSense Properties, LLC	\$965,149.00	\$75,000.00
CRANC	\$188,500.00	\$75,000.00
307 W. Main St., LLC	\$729,636.00	\$49,000.00
TOTAL	\$2,258,285.00	\$274,000.00

A BIG for the Community Reinvestment Association of North Carolina would improve the appearance of the Community Development Area outside around downtown, make rental ready a currently vacant building and advance the City's goal for the development of retail and office space, in the Durham CDA. The project will remodel a distressed residential building to create 1,500 square feet of commercial office space, with a ten unit parking lot and exterior improvements to restore the original architectural character of the building. When complete, all four corners of the N. Roxboro/E. Geer intersection will have been upgraded.

Issues and Analysis

A major priority of the City of Durham is increasing and strengthening the economic stability of the City. Staff endorses the funding recommendations of the committee which would serve to promote the continued revitalization and vitality of downtown Durham and its surrounding neighborhoods. The proposed project will include \$113,500.00 in private investment with a \$75,000.00 BIG for a total project investment of \$188,500.00.

Increased capital expenditures by small retail businesses on items that are non-removable real property or personal property will add to tax values in the City. Visible improvements to these business properties also will act as catalysts for additional investment, and added tax base, by others. The BIG program was created to serve and encourage this type of private investment. It is supported by the RKG Neighborhood Assessment Plan of March 2006, the Updated Downtown Master Plan of January 2008, and the City Center Market Retail District Study of January 2010.

The committee members are satisfied that there is a reasonable likelihood for business success for this project. While there is no guarantee that any individual small startup business will survive in the current economic climate, the capital improvements to the building will raise the assessed value for tax purposes even if the currently projected business tenant closes or moves to other locations over time. The renovated spaces still would offer high quality business locations for future tenants.

Alternatives

The City Council may reject the recommendation to approve the funding or may choose to award a grant for a different amount. Not funding the project would undermine the ability of the Department to carry out the objectives of the Economic Development Financial Assistance and Incentive Policy program and objectives of downtown retail development. The applicant's project will have a positive effect on the appearance and business climate of the affected location.

Financial Impact

FY 2010/11 funding for this project comes from the Neighborhood Revitalization Fund Org Code 07300000 and Object Code 728600.

SDBE Summary

An SDBE summary is inapplicable because no project-specific goals have been set and no SDBEs are involved in this item.

Attachments:

- Building Improvement Contract for the Community Reinvestment Association of North Carolina.
- Community Reinvestment Association of North Carolina Building Improvement Grant Application